

For: State and County Offices

Establishing System to Monitor Statute of Limitations

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A
Background In some cases, the Federal statute of limitations has barred further collection of a deficiency judgement.

B
Purpose This notice ensures that State and County Offices:

- have established a monitoring system that identifies a deficiency delinquent case where the statute of limitations may bar judicial collection of a deficiency on the account within the next 12 to 24 months
- are aware of the importance of resolving these cases before the statute of limitations may bar judicial collection of a deficiency.

2 Action

A
SED Action Each SED is responsible for monitoring delinquent Farm Loan Program (FLP) cases. The expiration of the statute of limitations will severely limit FSA's ability to collect the entire debt after the bar date. After that date, FSA may no longer obtain a judgment of personal liability against the debtor. This may increase the amount of the loss to the Government. However, with the consent of OGC, salary, administrative, and IRS offsets may be initiated at any time during the 10-year period from when statute of limitations begin to run.

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Disposal Date

January 1, 1998

Distribution

State Offices; State Offices relay to County Offices

2 Action (Continued)

A

**SED Action
(Continued)**

In certain situations, the time period remaining under the statute of limitations may be suspended because of certain other actions that may have prohibited the Agency from enforcing collection of the debt, such as the debtor filing bankruptcy.

In cases where it appears that the statute of limitations may bar collection, but the debtor has repayment ability or other assets, each SED shall consult with the Regional Attorney's Office for its opinion. The statute of limitations does not affect FSA's ability to collect the debt from liquidation of security under a properly perfected security interest.

Each SED shall ensure that:

- the State Office establishes a system for monitoring the statute of limitations on delinquent cases for FLP
 - all of the cases in this subparagraph receive top priority servicing to resolve the situation before the statute of limitations may bar judicial collection of a deficiency.
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B

**Ag Credit Team
Action**

Each Ag Credit Team shall:

- maintain a running list of all borrowers in its management box of all delinquent accounts where the statute of limitations may bar judicial collection on a deficiency account within the next 24 months

Note: On accelerated accounts, FSA has 6 years from the date of the acceleration to collect the unmatured installments. For each matured installment, FSA has 6 years from the date the installment is due.

- quarterly, send an updated list of these cases to DD and the Ag Credit Director.

Immediate action must be taken on these cases before the statute of limitations runs.

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2 Action (Continued)

C
**DD and Ag
Credit Director
Action**

Each DD and Ag Credit Director shall assist SED in monitoring these cases to ensure that the appropriate action is taken to resolve these cases to avoid unnecessary losses to the Government.

Almeida